

Impact of Iraqi Airstrikes on Iran's Economy

Iraqi attacks on refineries and pumping stations are causing shortages of gasoline, heating fuel and electricity that are likely to become more severe in the coming months.

at Bahregan

7.

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expans,

1.1 m
b/q

2. (Khark below 1 m)

no single
point moving
h.w. 25X1

attack or otherwise in poor condition.

--Tehran has even offered US businesses an opportunity to settle claims against Iran dating back to the revolution in exchange for oil services.

Low oil prices and increased military expenditures have already weighed heavily on the Iranian people.

--Prices on consumer goods have risen sharply since spring.

--Foreign exchange shortages have caused widespread layoffs and shortages of food and other commodities.

--Government ministries have been ordered to cut salary expenditures by 20 percent and other expenses by 40 percent.

*hard currency
reserves
\$2 b. now*

*'86: earned \$2.8 b
first 6 mos.*

Tehran is concerned about the impact of economic problems on public morale, especially if the upcoming offensive fails.

--A shortage of heating and diesel fuel with the onset of winter could cause serious unrest.

*'85: lost yr.
\$4.6 b*

--In previous years less serious shortages have provoked demonstrations.

--Majles Speaker Rafsanjani has warned against overoptimistic expectations of victory, fearing the consequences of pent-up frustration over the war and economic privations.

Iraqi Damage to Iranian Oil Facilities

Oil Refineries

Iraqi air attacks have damaged Iranian oil refineries at Tehran, Esfahan, Tabriz, Lavan, and Bakhtaran. These refineries are 95% of Iran's 700,000 barrel per day capacity.

95%
700,000
b/d
capacity

Oil Export Terminals

Baghdad has attacked Iranian oil export terminals and storage tanks at Khark Island, Sirri Island, and Lavan Island. The T-jetty on the east side of Khark Island is out of operation. Two of the four Sea Island terminals on the west side are damaged. In addition, Iraq has damaged the Ganaveh pipelines that supply oil to Khark.

(down
to 1/3
capacity)

Tanker Shuttle System

Numerous Iraqi attacks on Iran's shuttle tankers have disrupted Tehran's ability to move oil from Khark Island to export terminals at Sirri and Larak Islands.

Pumping Stations

Baghdad has damaged pumping stations at seven major oil fields: Ahvaz, Marun, Agha Jari, Gurreh, Amidia, Gach Saran, and Bibi Hakimeh.

Iraq severely damaged five pumping stations on pipelines that supply the Tehran, Esfahan, and Tabriz refineries.

Gas-Oil Separation Plants

Iraq has damaged at least 12 gas-oil separation plants located at the Ahvaz, Marun, Gach Saran, and Bibi Hakimeh oil fields.

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IRAN-IRAQ:**Developments**

Preparations for Iran's fall offensive are continuing, but recruiting and logistic problems may force a delay. [redacted]

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[redacted] many Iranian training camps are still heavily occupied, although at Ahvaz at least 30 buses may have moved some troops to the front. [redacted]

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[redacted] had problems recruiting new soldiers and as a result delayed the offensive from September until at least early October. [redacted]

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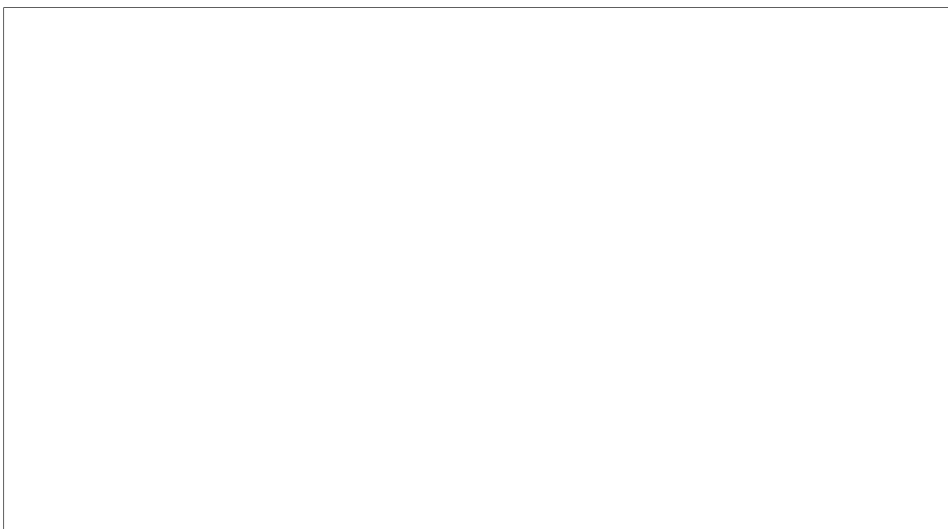
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Assembly Speaker Rafsanjani had stated earlier that new battalions would be at the front by last Monday. In speeches this week on the anniversary of the war, other Iranian political leaders have suggested that a final defeat of Iraq, although ultimately inevitable, may not occur this year. [redacted]

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Comment: The preparations this week indicate Tehran still intends to make a major push in the south. The commanders' meetings may have been used to coordinate the offensive. The Iranians are in a position to launch the initial series of attacks—possibly in the central front—at any time. Problems with recruiting, supporting, and training the large force Iran claims to have mobilized, however, are likely to continue. Iran could benefit from the delay, nevertheless, because it increases the time Iraqi forces must remain on alert. [redacted]

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